

Educational; establishment of credit unions in developing nations. An organization formed to assist individuals in developing nations to improve their living conditions through educational programs on credit problems and to instruct and train individuals from those nations in the techniques of organizing and managing credit unions qualifies for exemption as an educational organization under section 501(c)(3) of the Code.

Advice has been requested whether the activities of the organization described below qualify as educational for purposes of exemption from Federal income tax as a charitable organization under section 501(c)(3) of the Internal Revenue Code of 1954 where the organization otherwise qualifies for such exemption.

The organization was formed for the purpose of assisting farmers, workers, and small businessmen in developing nations to improve their living conditions through educational programs on credit problems. The organization conducts seminars for individuals in these nations dealing with techniques of organizing and managing credit unions and conducts a training program for them in the United States. Pamphlets and other materials providing information on the provident use of money and the need for cooperative action to solve the problems of scarcity of credit are distributed to members of the community.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for educational purposes.

Section 1.501(c)(3)-1(d)(3) of the Income Tax Regulations provides that the term 'educational' includes the instruction or training of the individual for the purpose of improving or developing his capabilities or the instruction of the public on subjects useful to the individual and beneficial to the community.

An organization that instructs or trains individuals to improve their business or professional capabilities is exempt under section 501(c)(3) of the Code. See Rev. Rul. 65-298, 1965-2 C.B. 163. The seminars and training programs relate to the instruction and training of the individuals for the purpose of improving and developing their capabilities in organizing and managing credit unions. In addition, the distribution of the materials providing information on the provident use of money and the need for cooperative action to solve credit problems instructs the public on subjects useful to the individual and beneficial to the community. Therefore, the activities qualify as educational within the meaning of section 1.501(c)(3)-1(d)(3) of the regulations.

Accordingly, the organization qualifies for exemption from Federal income tax under section 501(c)(3) of the Code.

Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form 1023, Application for Recognition of Exemption, in order to be recognized by the Service as exempt under section 501(c)(3) of the Code. The application should be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.